GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:7280
ANSWERED ON:12.05.2000
QUALITATIVE RESTRICTION ON IMPORTS
MADHAVRAO SCINDIA;SU THIRUNAVUKKARASAR;SUBODH MOHITE;SUSHIL KUMAR SAMBHAJIRAO SHINDE;V. SAROJA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether under the new Exim Policy Government have thrown wide-open the doors for import of as many as 714 consumer goods and undertaken to abolish import curbs on the remaining 715 items next year;

(b) if so, the details of the items which are to be freely imported without licence and the category of items are to be so opened up next year and the details of the farm products included therein;

(c) how far this decision is in line with WTO obligations; and

(d) the steps contemplated to provide safeguard, at least even playing field, to domestic producers especially farmers and SSI?

Answer

MINISTER OF COMMERCE & INDUSTRY (SHRI MURASOLI MARAN)

(a) to (d) India has been following a continuous policy of removal of restrictions on imports since 1991. Tariff line- wise import policy was first announced on 31.3.1996. As on that date import of 6161 tariff lines (at 10 digit level) out of the total number of 10202 tariff lines (at 10 digit level) was free. Import restrictions on 488 tariff lines (at 10 digit level) were removed during the period 1.4.96 to 31.3.97. Further 391 tariff lines (at 8 digit level) were freed during the period 1.4.97 to 13.4.98 and 894 tariff lines (at 8 digit level) were freed on 1.4.99. Thus removal of import restrictions on 714 tariff lines as carried out on 31.3.2000 was nothing but the continuation of the stated policy of the Government over the years.
Under the General Agreement on Tariffs and Trade (GATT), 1947 all Members were obliged to remove all the Quantitative Restrictions (QRs) maintained on imports.India, being a Founder Member, was also obliged to remove the QRs but it took recourse to the exception provided in GATT for maintaining such QRs owing to balance of payments (BOP) difficulties.

However, since 1995, with substantial improvement in India`s BoP position, certain Members questioned India`s continued justification for maintaining QRs on BoP grounds.India could negotiate with all other trading partners, with the exception of USA, for phasing out these QRs. USA filed a dispute against India in WTO and the Dispute Settlement Panel ruled against IndiaIndia filed an appeal before the Appellate Body of WTO against the findings of the Panel but the Appellate Body also upheld the findings of Panel. Both these Reports were adopted by the Dispute Settlement Body (DSB)Consequently, a bilateral Agreement was signed between India and USA for determining the reasonable period of time for implementing the rulings and recommendations of DSB As per the Agreement, QRs on 714 items have been removed with effect from 1.4.2000 and QRs on remaining 715 items are to be removed by 1.4.2001.

Out of these 714 items on which the restrictions were removed on 31.03.2000, 230 are agricultural items, 47 are textile items and 437 are other industrial products. Out of the 715 items on which restrictions are to be removed by 31.03.2001, 147 are agricultural items, 342 are textile items and 226 are other industrial products. The details of the 1429 items on which QRs are being removed is available in the Parliament Library.

However, all imports in the country are subject to applicable rates of Custom duties and also subject to domestic laws, rules, orders, regulations, technical specifications, environmental and safety norms as applicable to domestically produced goods. This should provide adequate protection to the domestic industry. Further, the imports are being closely monitored and Government is determined to ensure through appropriate use of the tariff mechanism that imports do not cause any serious detriment or injury to the domestic industry.

India`s tariff bindings at W.T.O. for most of the agricultural items are fairly high and effective rates or customs duties can be raised to those levels, in case there is any evidence of substantial increase in imports. In the Budget for the year 2000-2001, presented before the Parliament, import duties on many of the agricultural items, (Chapter 1 to 24 of ITC (HS) Classification of Export and Import Items, have been increased to provide further protection to domestic farmers.

Government is aware of the emerging scenario for the SSI Units and has taken several steps to help them become globally competetive. These include special focus on areas such as technology up-gradation, infrastructure assistance through the cluster approach, timely availability of credit, adoption of modern management practices, use of electronic infrastructure, marketing and timely information dissemination, including sensitization of small industries to the emerging challenges of trade liberalization.